



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

1430 N STREET  
SACRAMENTO, CA  
95814-5901

**JACK O'CONNELL**

State Superintendent of  
Public Instruction

PHONE: (916) 319-0800

August 27, 2004

Dear County Superintendents of Schools, Auditors, and Treasurers:

### **RECERTIFICATION OF THE 2004-05 ADVANCE APPORTIONMENT**

The 2004-05 Advance Apportionment has been recertified due to the enactment of the 2004 Budget Act (Chapter 208, Statutes of 2004) and implementing legislation. The recertified Advance Apportionment total is \$23,482,090,203.

As provided in *Education Code* Section 41330, the 2004-05 recertified Advance Apportionment is based on the 2003-04 Second Principal Apportionment state aid. Adjustments authorized in statute were then applied to the state aid.

Because the recertification of the Advance Apportionment is developed using past year state aid amounts and estimated 2004-05 growth rates, local educational agencies (LEAs) will be apportioned in the months August through January either more or less than their final actual entitlement would have provided for that same period. The difference will be resolved through updates at the subsequent 2004-05 First, Second, and Annual Apportionments. LEAs should budget accordingly.

Enclosed are the calculations for the recertification of the Advance Apportionment. For your convenience, a copy of this letter, the schedule of controller's warrants, and apportionment exhibits are available on our Web site at <http://www2.cde.ca.gov/principalapp/>. The Web site also contains a list of staff to assist you if you have questions regarding the apportionment.

County superintendents should advise districts and charter schools of this apportionment as soon as possible by providing them a copy of this letter.

If you have any questions, please contact the Principal Apportionment and Special Education Office at (916) 324-4541.

Sincerely,

GAVIN PAYNE  
Chief Deputy Superintendent of Public Instruction

GP:cc  
Enclosures

## **Calculations for the Recertification of the 2004-05 Advance Apportionment**

The Advance Apportionment for 2004-05 is based on a statutory derivation pursuant to *Education Code* sections 14002 through 14007 and 41301. The following provides specific details regarding the calculation of funding for each program.

### **Significant Updates**

*Core Supplemental Instruction.* The number of 2003-04 second period (P-2) funded hours was multiplied by the reimbursement rate of \$3.59 per hour pursuant to the 2004 Budget Act (Chapter 208, Statutes of 2004). Due to insufficient funding appropriated for the program in the 2004 Budget Act and Senate Bill (SB) 1108 (Chapter 216, Statutes of 2004), a proration factor of 0.904714680 was applied to the funding for all local educational agencies (LEAs).

*Low STAR and At-Risk of Retention (Grades 2-6).* The number of 2003-04 P-2 funded hours was multiplied by the reimbursement rate of \$3.59 per hour. Due to insufficient funding appropriated for the program in the 2004 Budget Act and SB 1108, a proration factor of 0.50256915 was applied to the funding for all LEAs.

*Community Day School.* The 2003-04 P-2 (pre-deficit) amounts were increased by a cost-of-living adjustment (COLA) of 2.41 percent. Due to insufficient funding appropriated for the program in the 2004 Budget Act and SB 1108, a proration factor of 0.96990 was applied to the funding for 5<sup>th</sup> and 6<sup>th</sup> hours (for pupils other than mandatory expelled), the approved small school waiver funding (for pupils other than mandatory expelled), and the funding for 7<sup>th</sup> and 8<sup>th</sup> hours.

*Educational Revenue Augmentation Fund (ERAF).* The apportionment for school district and county office of education revenue limits reflects additional estimated property tax shifts estimated at \$3 billion from ERAF taxes as a result of SB 1096 (Chapter 211, Statutes of 2004).

*Charter School Categorical Block Grant.* Pursuant to the 2004 Budget Act, the 2003-04 P-2 average daily attendance (ADA) for each charter school was multiplied by a single rate of \$283. The 2003-04 P-2 funding in lieu of Economic Impact Aid for Educationally Disadvantaged Students was increased by a COLA factor of 2.41 percent. The two funding amounts combined comprise the total charter school categorical block grant.

### **School District Revenue Limits**

The state aid portion of the revenue limit for each district was calculated using the most current estimate of state aid from the California Department of Finance (DOF). To tie to that number, the 2003-04 P-2 total amount for each district was adjusted as follows:

Calculations for the Recertification of the 2004-05 Advance Apportionment  
Page 2

1. The state aid calculated at P-2 was used prior to the amounts added for supplemental instruction (core and remedial), pupil promotion and retention, low STAR and at risk of retention supplemental instruction, apprentice, and community day school.
2. The P-2 state aid amount for each district was increased for estimated funding to mitigate the Public Employees' Retirement System (PERS) reduction, and for estimated increases to the PERS contribution rate and unemployment insurance expenditures.
3. The P-2 state aid amount was increased for qualifying districts for equalization funding totaling \$109.914 million authorized pursuant to SB 1108.
4. The P-2 state aid amount was further increased for estimated adjustments made to school districts that received allocations of ERAF at P-2. Pursuant to SB 1096 and ABX5 9 (Chapter 2, Statutes of 2003, Fifth Extraordinary Session), a factor of 0.27005231235011 was applied to the P-2 ERAF allocations for all school districts.
5. A factor of 1.00950125143 was applied to the adjusted P-2 state aid amount for each district. This factor includes a decrease to one of the revenue limit deficit factors (from 1.195 to 0.323 percent) pursuant to SB 1108 and DOF's estimated increase to projected local revenues.

**County Offices of Education**

The state aid portion of the revenue limit for each county office of education (COE) was also calculated using the most current estimates from the DOF. To tie to that number, the 2003-04 P-2 state aid for each COE was adjusted as follows:

1. The P-2 state aid portion of the revenue limit calculated for each county was reduced by the amounts received for special education, county community school, and nonpublic school/licensed children's institution (NPS/LCI) flow-through, apprentices, supplemental instruction, adult education, specialized secondary schools, and community day school.
2. A factor of 1.30426532096 was applied to the remaining P-2 state aid amount. This factor includes increases for funding to mitigate the PERS reduction, and for estimated increases to the PERS contribution rate and unemployment insurance expenditures. The factor also includes a decrease to one of the revenue limit deficit factors (from 1.195 to 0.323 percent) pursuant to SB 1108, estimated

reductions to ERAF pursuant to SB 1096 and ABX5 9, and DOF's estimated increase to projected local revenues.

3. The P-2 amounts for special education, county community school, and NPS/LCI flow-through were increased by the revenue limit COLA factor of 2.41 percent and added to the state aid portion of the revenue limit.
4. The P-2 amount for adult education was increased by a factor of 1.0895510 and added to the state aid portion of the revenue limit.
5. The P-2 amount for apprentice education was added to the state aid portion of the revenue limit.

#### **Charter School Funding Model**

*General-purpose entitlement.* The apportionment for charter schools funded through the charter school funding model was developed using the most current estimates from the DOF and the 2003-04 P-2 state aid as a base. The state aid portion for each charter school was calculated as follows:

1. Factors of 1.00711274 and 1.0095012521 were applied to the P-2 state aid amount for each charter school.
2. For *direct* funded charters at P-2, the P-2 amounts for supplemental instruction were increased to reflect a change in the rate to \$3.59 per hour and then added to the adjusted general purpose entitlement state aid amount. However, due to insufficient funding appropriated in the 2004 Budget Act and SB 1108, a proration factor of 0.90471 was applied to the Core supplemental instruction program and a proration factor of 0.50255 was applied to the Low Star and At-Risk of Retention (Grades 2-6) program. For *locally* funded charters at P-2, supplemental instruction funding is included in the advance apportionment of the authorizing district for each eligible charter school.

The apportionment also includes funding adjustments to charter schools that had received overpayments of state aid at P-2 due to changes in the block grant rates, ADA, local revenue, and adjustments to prior years.

The overpayment for the charter school is an amount owed back to the state and, as part of recouping this amount over the entire year, is reflected in the advance apportionment. This adjustment will continue in the charter school's subsequent apportionments until the state recovers the full amount owed. In some cases, an invoice

will be sent directly to the charter school. The overpaid amounts are separately displayed on the Exhibit C and Exhibit C-CH.

### **Special Education Allowances**

The apportionment for the Special Education program was developed using the 2003-04 P-2 Apportionment as a base. The following factors were multiplied to the base to calculate the state aid portion of the Special Education Apportionment.

1. A factor of 1.01793681538127 was used for the Assembly Bill (AB) 602 Special Education Ages 3-21 Program.
2. A factor of 1.04062177945723 was used for the Special Education Infant Ages 0-2 Program.

### **Handicapped Pupils Attending ROC/Ps**

The apportionment for Handicapped Pupils Attending Regional Occupational Centers/Programs (ROC/Ps) was developed using the 2003-04 P-2 Apportionment for each district and county office as a base. The amount for each district and county was increased by a factor of 1.02776072386059.

### **Gifted and Talented Education (GATE)**

The apportionment for GATE was developed using the 2003-04 P-2 Apportionment as a base. The amount for eligible school districts and county offices of education was increased by a factor of 1.0338232766.

### **Adult Education Block Grant**

The apportionment for the Adult Education Block Grant was developed using the 2003-04 P-2 Apportionment amount as a base. The amount for each school district and county office of education was increased by a factor of 1.0895510.

### **Regional Occupational Centers and Programs (ROC/Ps)**

The apportionment for ROC/Ps was developed using the 2003-04 P-2 Apportionment amount as a base. The amount for each school district and county office of education was increased by a factor of 1.1052649.